

COMMISSIONER  
MARC SPITZER - Chair  
JIM IRVIN  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON



OPEN MEETING ITEM  
OPEN MEETING ITEM

22

BRIAN C. McNEIL  
Executive Secretary

ARIZONA CORPORATION COMMISSION

DATE: March 18, 2003  
DOCKET NO: RG-00000A-02-0351  
TO ALL PARTIES:

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Enclosed please find the recommendation of Administrative Law Judge Marc E. Stern. The recommendation has been filed in the form of an Opinion and Order on:

PROPOSED RULEMAKING  
(PIPELINE SAFETY RULES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

MARCH 27, 2003

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

APRIL 1 and 2, 2003

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

Arizona Corporation Commission  
DOCKETED

MAR 18 2003

DOCKETED BY [Signature]

BRIAN C. McNEIL  
EXECUTIVE SECRETARY

1. **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MARC SPITZER, Chairman  
4 JIM IRVIN  
5 WILLIAM A. MUNDELL  
6 JEFF HATCH-MILLER  
7 MIKE GLEASON

8 IN THE MATTER OF THE NOTICE OF  
9 PROPOSED RULEMAKING REGARDING THE  
10 TRANSPORTATION OF NATURAL GAS, OTHER  
11 GASES AND HAZARDOUS LIQUIDS BY  
12 PIPELINES.

DOCKET NO. RG-00000A-02-0351

DECISION NO. \_\_\_\_\_

**OPINION AND ORDER**

9 DATE OF HEARING: December 19, 2002  
10 PLACE OF HEARING: Phoenix, Arizona  
11 ADMINISTRATIVE LAW JUDGE: Marc E. Stern  
12 APPEARANCES: Mr. Jason Gellman, Staff Attorney, Legal  
13 Division, on behalf of the Utilities Division of  
14 the Arizona Corporation Commission.

14 **BY THE COMMISSION:**

15 On June 7, 2002, the Utilities Division ("Staff") of the Arizona Corporation Commission  
16 ("Commission") forwarded a proposal to the Commission recommending that the Commission  
17 amend its Pipeline Safety Rules ("Rules") A.A.C. R14-5-201, R-14-5-202, R-14-5-203, R14-5-204,  
18 and R14-5-205. The purpose of the proposed amendments is to update the Commission's Rules to  
19 incorporate the most recent amendments to the Code of Federal Regulations ("CFR"), Title 49, Parts  
20 191, 192, 193, 195, 199 and Part 40.

21 On June 26, 2002, the Commission issued Decision No. 64989 which directed that the  
22 Hearing Division schedule a hearing on Staff's proposed amendments to the Commission's Rules.

23 Pursuant to Decision No. 64989, the Hearing Division scheduled a public comment hearing  
24 on the above-captioned matter.

25 On July 19 and November 1, 2002, the Notice of Proposed Rulemaking and Notice of Public  
26 Hearing on Proposed Rulemaking, respectively, were published by the Arizona Secretary of State's  
27 office in the Arizona Administrative Register ("Register").

28 Pursuant to the terms of the Procedural Order and notice provided in the Register, comments

1 were filed in this docket by Citizens Communications Company/Arizona Gas Division ("Citizens") in  
 2 support of the proposed rulemaking to amend the Commission's Rules. No other comments were  
 3 received.

4 On December 19, 2002, a public comment hearing was held before a duly authorized  
 5 Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. There were no  
 6 members of the public or interested parties in attendance at the proceeding and Staff has received no  
 7 additional written or oral comments regarding the proposed amendment of the Rules. Following the  
 8 conclusion of the proceeding, the matter was taken under advisement pending the submission of a  
 9 Recommended Opinion and Order to the Commission.

10 \* \* \* \* \*

11 Having considered the entire record herein and being fully advised in the premises, the  
 12 Commission finds, concludes, and orders that:

13 **FINDINGS OF FACT**

14 1. On June 7, 2002, Staff forwarded to the Commission proposed amendments to A.A.C.  
 15 R14-5-201, R14-5-202, R14-5-203, R14-5-204 and R14-5-205 in order to update and incorporate the  
 16 most recent amendments to the most recent CFR, Title 49, Parts, 191, 192, 193, 195, 199 and Part 40.

17 2. With the amendment of the Rules, operators of an intrastate pipeline which transports  
 18 hazardous liquid are required to notify by telephone the Office of Pipeline Safety ("Office")  
 19 whenever there is a release of hazardous liquid or carbon dioxide and also required to make written  
 20 incident reports when there is a release of hazardous liquid or carbon dioxide, or when estimated  
 21 property damage, including clean-up and recovery costs exceeds \$5,000. Lastly, grammatical  
 22 changes were made to other portions of the Rules.

23 3. The purpose of the proposed amendments is to conform the Commission's Rules to  
 24 the most recent amendment to the CFR as required for the Office acting on behalf of the Commission  
 25 as an agent of the United States Department of Transportation's Office of Pipeline Safety.

26 4. Staff believes that the proposed amendments will be beneficial to the general public by  
 27 maintaining the safe operation of pipeline facilities.

28 5. On June 26, 2002, the Commission issued Decision No. 64989 which directed that a

1 hearing be scheduled on the proposed amendments to the Rules for the purpose of taking public  
2 comment. By Procedural Order, a public comment hearing was scheduled for December 19, 2002.

3 6. The amendment of the Rules will improve the safe operation of gas and hazardous  
4 liquid pipelines.

5 7. Staff believes that the proposed amendments will be beneficial to the general public by  
6 maintaining the safe operation of pipeline facilities.

7 8. Pursuant to law, Notice of Proposed Rulemaking and Notice of Hearing on Proposed  
8 Rulemaking were given on July 19 and November 1, 2002, respectively, in the Register.

9 9. On November 18, 2002, Citizens filed a letter in support of the Commission's  
10 proposed rulemaking.

11 10. The Commission did not receive any other written or oral comments with respect to  
12 the proposed amendment of its Rules.

13 11. The Rules are set forth in Appendix A, attached hereto and incorporated by reference.

14 ~~12. The Economic, Small Business and Consumer Impact Statement is set forth in~~  
15 Appendix B, attached hereto and incorporated by reference.

### 16 CONCLUSIONS OF LAW

17 1. Pursuant to Article XV, Sections 2 and 3 of the Arizona Constitution and A.R.S. §§  
18 40-202, 40-203, 40-321 and 40-441, et seq., the Commission has jurisdiction to adopt the proposed  
19 amendments to A.A.C. R14-5-201, R14-5-202, R14-5-203, R14-5-204 and R14-5-205.

20 2. Notice of the hearing was given in the manner prescribed by law.

21 3. Adoption of the proposed amendments is in the public interest.

22 4. There have been no objections to the amendment of the above-described Rules.

23 5. The Economic, Small Business and Consumer Impact Statement as set forth in  
24 Appendix B should be adopted.

### 25 ORDER

26  
27 IT IS THEREFORE ORDERED that the proposed amendments to A.A.C. R14-5-201, R14-5-  
28 202, R14-5-203, R14-5-204 and R14-5-205 as set forth in Appendix A and the Economic, Small

1 Business, and Consumer Impact as set forth in Appendix B are hereby adopted.

2 IT IS FURTHER ORDERED that the Commission's Utilities Division shall submit the  
3 amended Rules A.A.C. R14-5-201, R14-5-202, R14-5-203, R14-5-204 and R14-5-205 to the Office  
4 of the Attorney General for certification.

5 IT IS FURTHER ORDERED that the Commission's Utilities Division is authorized to make  
6 non-substantive changes in the adopted rules A.A.C. R14-5-201, R14-5-202, R14-5-203, R14-5-204  
7 and R14-5-205 and to the adopted Economic, Small Business and Consumer Impact Statement in  
8 response to comments received from the Attorney General's office during the approval process under  
9 A.R.S. § 41-1044 unless, after notification of those changes, the Commission requires otherwise.

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

12  
13  
14 CHAIRMAN

COMMISSIONER

COMMISSIONER

15  
16 COMMISSIONER

COMMISSIONER

17 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
18 Secretary of the Arizona Corporation Commission, have  
19 hereunto set my hand and caused the official seal of the  
20 Commission to be affixed at the Capitol, in the City of Phoenix,  
21 this \_\_\_\_ day of \_\_\_\_\_, 2003.

22 \_\_\_\_\_  
BRIAN C. McNEIL  
EXECUTIVE SECRETARY

23 DISSENT \_\_\_\_\_

24 DISSENT \_\_\_\_\_

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SERVICE LIST FOR:

DOCKET NO.

PROPOSED RULEMAKING

RG-00000A-02-0351

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DYN AIR FUELING COMPANY  
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DUNCAN, ARIZONA 85334

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EL PASO NATURAL GAS CO  
5499 W NEEDLE MOUNTAIN ROAD  
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PIMA, ARIZONA 85543

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5. CHRIS TYREK  
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7. JONES INTERCABLE  
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9. TUCSON ELECTRIC POWER  
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10. DAVID MARTIN  
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PHOENIX, AZ 85007

11.

12. CLARK TARTAR  
ARIZONA PIPELINE COMPANY  
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PHOENIX, AZ 85009

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14. JIM GHOLSON  
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16. DEBORAH

17. DEBORAH R. SCOTT  
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21. WALT JONES  
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25. WEBB CROCKETT  
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27. JASON HUGHES  
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CANYON VALLE AIRPARK  
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RED MESA UNIFIED SCHOOL DISTRICT NO. 27  
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**ARTICLE 2. PIPELINE SAFETY****R14-5-202. Construction and Safety Standards**

- A. Applicability: This rule applies to the construction, reconstruction, repair, operation and maintenance of all intrastate natural gas, other gas, LNG and hazardous liquid pipeline systems, as described in ARS 40-441.
- B. Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the Commission adopts, incorporates, and approves as its own 49 CFR 40, 191, 192 except I (2) and (3) of Appendix D to Part 192, 193, 195, except 195.1(b)(2) and (3), and 199, revised as of ~~March 1, 2000~~ January 16, 2002 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

- C. The above mentioned incorporated Parts of 49 CFR, except Parts 191, 193

Subpart A and 195 Subpart A and B, are revised as follows:

1. Substitute "Commission" where "Administrator of the Research and Special Programs Administration" or "Office of Pipeline Safety" (OPS) appear.
2. Substitute "Office of Pipeline Safety, Arizona Corporation Commission, at its office in Phoenix, Arizona" where the addresses for the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U. S. Department of Transportation appears.

- D. Operators of an intrastate pipeline will file with the Commission an Operation and Maintenance Plan (O & M), including an emergency plan, 30 days prior to placing a pipeline system into operation. Any changes in existing plans will be filed within 30 days of the effective date of the change.
- E. Operators of an intrastate pipeline transporting sour gas or oil are subject to industry standards addressing facilities handling hydrogen sulfide (H<sub>2</sub>S).

Standards adopted are:

1. NACE Standard MR-0175-99 (1999 Revision); (and no future revisions), Standard Materials Requirements-Sulfide Stress Cracking Resistant Metallic Material for Oilfield Equipment, incorporated by reference and no future amendments. available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the NACE International, P.O. Box 218340, Houston, Texas 77218-8340 and on file with the Office of the Secretary of State.
2. API RP55 (1995 Edition); (and no future amendments), API recommended practice for conducting oil and gas production operations involving hydrogen sulfide, incorporated by reference and no future amendments, copies are available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the CSSINFO, 310 Miller Avenue, Ann Arbor, Michigan, 48103 and on file with the Office of the Secretary of State.

DECISION NO. \_\_\_\_\_

- F. Operators of an intrastate pipeline transporting LNG, hazardous liquid, natural gas or other gas will not construct any part of a hazardous liquid, LNG, natural gas or other gas pipeline system under a building. For building encroachments over a pipeline system, the operator may require the property owner to remove the building from over the pipeline or reimburse the operator the cost associated with relocating the pipeline system. The encroachment shall be resolved within 180 days of discovery, or the operator shall discontinue service to the pipeline system. When the encroachment can not be resolved within the 180 days the operator shall submit to the Office of Pipeline Safety within 90 days of discovery a written plan to resolve the encroachment. The Office of Pipeline Safety may then extend the 180-day requirement in order to allow the ratepayer and the operator to implement the written plan to resolve the encroachment.
- G. Operators of an intrastate pipeline transporting LNG, hazardous liquid, natural gas or other gas will not construct any part of a pipeline system closer than 8 inches to any other underground structure. If the 8-inch clearance cannot be maintained from other underground structures, a sleeve, casing, or shielding shall be used.
- H. Operators of an intrastate pipeline transporting natural gas or other gas that have regulators, meters, or regulation meter sets that have been out of service for 36 months will abandon those lines and cap all ends. The ~~operator's~~ Operator's steps to accomplish the abandonment shall not exceed 6 months beyond the 36 months out service status.
- I. Operators of an intrastate pipeline shall not install or operate a gas regulator that might release gas in its operation closer than 3 feet to a source of ignition,

opening into a building, air intake into a building or to any electrical source not intrinsically safe. The three (3) foot clearance from a source of ignition will be measured from the vent or source of release (discharge port), not from the physical location of the meter set assembly. This subsection shall not be effective with respect to building permits which are issued and subdivisions which are platted prior to October 1, 2000. For encroachment within the required three foot clearance caused by an action of the property owner, occupant or a service provider, after the effective date of this rule the operator may require the property owner to resolve the encroachment or reimburse the operator the cost associated with relocating the pipeline system. The encroachment shall be resolved within 180 days of discovery or the operator shall discontinue service to the effected pipeline system. When the encroachment cannot be resolved within the 180 days the operator shall submit to the Office of Pipeline Safety within 90 days of discovery a written plan to resolve the encroachment. The Office of Pipeline Safety may then extend the 180 day requirement in order to allow the ratepayer and the operator to implement the written plan to resolve the encroachment.

- J. Operators of an intrastate pipeline transporting LNG, natural gas, other gases or hazardous liquid will utilize a cathodic protection system designed to protect the metallic pipeline in its entirety, in accordance with 49 CFR 192, Subpart I, ~~March 1, 2000~~ January 16, 2002 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M,

Pittsburgh, Pennsylvania 15250-7975 except I (2) and (3) of Appendix D to Part 192 shall not be utilized.

K. Operators of an intrastate pipeline transporting natural gas or other gas will not use solvent cement to join together plastic pipe manufactured from different materials unless the operator utilizes a joining procedure in accordance with the specifications of 49 CFR 192, Subpart F, ~~March 1, 2000~~ January 16, 2002 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

L. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their pipeline systems.

~~M.~~ Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will not install plastic pipe aboveground unless the plastic pipeline is protected by a metal casing, or equivalent, and approved by the Office of Pipeline Safety. Temporary aboveground plastic pipeline bypasses are permitted for up to sixty (60) days, provided that the plastic pipeline is protected and is under the direct supervision of the operator at all times.

N. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas that construct a pipeline system or any portion thereof using plastic pipe, will install, at a minimum, a 14-gauge coated or corrosion resistant, electrically

conductive wire as a means of locating the pipe while it is underground. Tracer wire shall not be wrapped around the plastic pipe, tracer wire may be taped, or attached in some manner to the pipe provided that the adhesive or the attachment is not detrimental to the integrity of the pipe wall.

O. Operators of an intrastate pipeline transporting natural gas or other gas pipeline system that construct an underground pipeline system using plastic pipe, will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any rock or debris, unless otherwise protected and approved by the Office of Pipeline Safety.

P. Operators of an intrastate pipeline transporting natural gas or other gas pipeline system that construct an underground pipeline system using plastic pipe will install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe shall be marked CD or CE as required by ASTM D2513-95c (1995c Edition and no future editions), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the ASTM, 1916 Race Street, Philadelphia, Pennsylvania 19103-1187, for areas where the service temperature is above 100°F.

Q. Operators of an intrastate pipeline system transporting hazardous liquid, natural gas or other gases shall qualify welding procedures and shall perform welding of steel pipelines in accordance with API Standard 1104. Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, appendix B. The

qualification of welders delineated in 49 CFR 192, appendix C may be used for low stress level pipe.

- R. Operators of an intrastate pipeline transporting natural gas or other gas pipeline system shall survey and grade all detected leakage by the following guide: ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 except 4.4(c) (1983 Revision and no future revisions), incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the ASME, United Engineering Center, 345 East 47<sup>th</sup> Street, New York, N. Y. 10017. ("Should" as referenced in the Guide will be interpreted to mean "shall"). Leakage survey records shall identify in some manner each pipeline surveyed. Records shall be maintained to demonstrate that the required leakage survey has been conducted.
- S. All repair work performed on an existing intrastate pipeline transporting LNG, hazardous liquids, natural gas or other gas pipeline system will comply with the provisions of this Article.
- T. The Commission may waive compliance with any of the aforementioned parts upon a finding that such a waiver is in the interest of public and pipeline safety.
- U. To ensure compliance with provisions of this rule the Commission or an authorized representative thereof may enter the premises of an operator of an intrastate pipeline to inspect and investigate the property, books, papers, business methods, and affairs that pertain to the pipeline system operation.

- V. All other Commission administrative rules are superseded to the extent they are in conflict with the pipeline safety provisions of this Article.

**R14-5-203. Pipeline Incident Reports and Investigations**

A. Applicability. This rule applies to all intrastate pipeline systems.

B. Required incident reports by telephone:

1. Operators of an intrastate pipeline transporting LNG, natural gas or other gas pipeline system will notify by telephone the Office of Pipeline Safety upon discovery of the occurrence of any of the following:

a. The release of natural gas, other gas or liquefied natural gas (LNG) from a pipeline or LNG facility, when any of the following results:

- i. Death or personal injury requiring hospitalization.
- ii. An explosion or fire not intentionally set by the operator.
- iii. Property damage, including the value of the gas lost, estimated in excess of \$5,000.

b. Emergency transmission pipeline shutdown.

c. News media inquiry.

d. Overpressure of a pipeline system where a pipeline operating at less than 12 PSIG exceeds MAOP by 50%, where a pipeline operating between 12 PSIG and 60 PSIG exceeds MAOP by 6 PSIG or where a pipeline operating over 60 PSIG exceeds MAOP plus 10%.

- e. Permanent or temporary discontinuance of gas service to a master meter system or when assisting with the isolation of any portion of a gas master meter system due to a failure of a leak test.
  - f. Emergency shutdown of a LNG process or storage facility.
2. Operators of an intrastate pipeline transporting hazardous liquid will notify by telephone the Office of Pipeline Safety upon discovery of the occurrence of any of the following:
- a. Death or personal injury requiring hospitalization.
  - b. An explosion or fire not intentionally set by the operator.
  - c. Property damage estimated in excess of \$5,000.
  - d. Pollution of any land, stream, river, lake, reservoir, or other body of water that violates applicable environmental quality, water quality standards, causes a discoloration of the surface of the water or adjoining shoreline, or deposits sludge or emulsion beneath the surface of the water or upon adjoining shorelines.
  - e. News media inquiry.
  - f. Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:

- (1) Not otherwise reportable under this section;
- (2) Not one described in 49 CFR 195.52(a)(4);

- (3) Confined to company property or pipeline right-of-way; and
- (4) Cleaned up promptly.

g. Any release of hazardous liquid or carbon dioxide, that was significant in the judgment of the operator even though it did not meet the criteria of any other paragraph of this section.

- 3. Telephone incident reports will include the following information:
  - a. Name of the pipeline system operator,
  - b. Name of the reporting party,
  - c. Job title of the reporting party,
  - d. The reporting party's telephone number,
  - e. Location of the incident,
  - f. Time of the incident, and
  - g. Fatalities and injuries, if any.

C. Require written incident report:

- 1. Operators of an intrastate pipeline transporting natural gas, LNG or other gases will file a written incident report when an incident occurs involving a natural gas or other gas pipeline that results in any of the following:
  - a. An explosion or fire not intentionally set by the operator.
  - b. Injury to a person that results in 1 or more of the following:
    - i. Death.
    - ii. Loss of consciousness.
    - iii. Need for medical treatment requiring hospitalization.

- c. Property damage, including the value of the lost gas, estimated in excess of \$5,000.
  - d. Emergency transmission pipeline shutdown.
  - e. Overpressure of a pipeline system where a pipeline operating at less than 12 PSIG exceeds MAOP by 50%, where a pipeline operating between 12 PSIG and 60 PSIG exceeds MAOP by 6 PSIG or where a pipeline operating over 60 PSIG exceeds MAOP plus 10%.
  - f. Emergency shutdown of a LNG process or storage facility.
2. Written incident reports concerning natural gas or other gas pipeline systems will be in the following form:
- a. RSPA F7100.1 - Distribution System: Incident Report, incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007.
  - b. RSPA F7100.2 - Transmission and Gathering System: Incident Report, incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007.

- c. Written incident reports with respect to LNG facilities will be in an investigative form defining the incident and corrective action taken to prevent a reoccurrence.
3. Operators of an intrastate pipeline transporting hazardous liquid will make a written incident report on ~~DOT Form~~ RSPA F 7000-1, (January 2001 Revision and no future Revisions), incorporated by reference and on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix Arizona 85007, when there is a release of hazardous liquid which results in any of the following:
- a. An explosion or fire not intentionally set by the operator.
  - b. Injury to a person that results in 1 or more of the following:
    - i. Death.
    - ii. Loss of consciousness.
    - iii. ~~Liability to leave the scene of the incident unassisted.~~
    - iv. Need for medical treatment.
    - v. Disability which interferes with a person's normal daily activities beyond the date of the incident.
  - c. ~~The loss of 50 or more barrels of hazardous liquid or carbon dioxide.~~ Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:

- (1) Not otherwise reportable under this section;
  - (2) Not one described in 49 CFR 195.52 (a)(4);
  - (3) Confined to company property or pipeline right-of-way; and
  - (4) Cleaned up promptly.
- d. ~~The escape of more than 5 barrels a day of highly volatile liquids into the atmosphere.~~
- Estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of the operator or others, or both, exceeding \$5,000.
- ~~e. Property damage estimated in excess of \$5,000.~~
- fe. News media inquiry.
4. Written incident reports as required in this Section will be filed with the Office of Pipeline Safety, within the time specified below:
- a. Natural gas, LNG or other gas - within 20 days after detection.
  - b. Hazardous liquids - within 15 days after detection.
5. The Operators shall also file a copy of all DOT required written incident reports with the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation, Washington, DC 20590.
6. Operators of a natural gas or other gas pipeline system will request a clearance from the Office of Pipeline Safety prior to turning on or reinstating service to a master meter operator.

**D. Investigations by the Commission:**

1. The Office of Pipeline Safety will investigate the cause of incidents resulting in death or serious injury.
2. Pursuant to an investigation under this rule, the Commission, or an authorized agent thereof, may:
  - a. Inspect all plant and facilities of a pipeline system.
  - b. Inspect all other property, books, papers, business methods, and affairs of a pipeline system.
  - c. Make inquiries and interview persons having knowledge of facts surrounding an incident.
  - d. Attend, as an observer, hearings and formal investigations concerning pipeline system operators.
  - e. Schedule and conduct a public hearing into an incident.
3. The Commission may issue subpoenas to compel the production of records and the taking of testimony.
4. Incidents not reported in accordance with the provisions of this rule will be investigated by the Office of Pipeline Safety.
5. Incidents referred to in incomplete or inaccurate reports will be investigated by the Office of Pipeline Safety.
6. Late filed incident reports will be accompanied by a letter of explanation. Incidents referred to in late filed reports may be investigated by the Office of Pipeline Safety.

**R14-5-204. Annual Reports**

A. Except for operators of an intrastate pipeline transporting LNG, or hazardous liquid, all other intrastate pipeline operators will file with the Office of Pipeline Safety, not later than March 15, for the preceding calendar year, the following appropriate report(s):

1. RSPA F7100.1-1 (November 1985 Edition and no future editions) - "Annual Report for Calendar Year 20\_\_\_, Gas Distribution System" and "Instructions for Completing RSPA Form F7100.1-1, Annual Report for Calendar Year 20\_\_\_, Gas Distribution System", incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation, Room 8417, 400 Seventh Street, S.W., Washington, D.C. 20590.
2. ~~RSPA F7100.2-1 (November 1985 January 2002 Edition and no future~~ editions) - "Annual Report for Calendar Year 20\_\_\_, Gas Transmission and Gathering Systems" and "Instructions for Completing Form RSPA F7100.2-1, Annual Report for Calendar Year 20\_\_\_, Gas Transmission and Gathering Systems", incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of

Transportation, Room 8417, 400 Seventh Street, S.W., Washington, D.C.  
20590.

- B. The operator will also file a copy of all required annual reports by March 15 to the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation, 400 Seventh Street S.W., Washington, D.C. 20590-0001.

**R14-5-205. Master Meter System Operators**

- A. Applicability. This rule applies to the construction, reconstruction, repair, emergency procedures, operation and maintenance of all master meter systems, as a condition of receiving service from public service corporations. Noncompliance with this rule by operators of a master meter system shall constitute grounds for termination of service, by the public service corporation when informed in writing by the Office of Pipeline Safety. In case of an emergency, the Office of Pipeline Safety may give the public service corporation oral instructions to terminate service, with written confirmation to be furnished within 24 hours.
- B. Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the Commission adopts, incorporates, and approves as its own 49 CFR 191 and 192, revised as of ~~March 1, 2000~~ January 16, 2002 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

C. The above mentioned incorporated parts of 49 CFR, except Part 191, are revised as follows:

1. Substitute "Commission" where "Administrator of the Research and Special Programs Administration", or "Office of Pipeline Safety" (OPS) appear.
2. Substitute Office of "Pipeline Safety, Arizona Corporation Commission, at its office in Phoenix, Arizona" where the addresses for the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation appears.

D. Operators of a master meter system will establish an Operation and Maintenance Plan (O & M) including an emergency plan. The plans must be maintained at the master meter system location.

E. Operators of a master meter system will not construct any part of a natural gas or other gas system under a building or permit a building to be placed over a pipeline. Within 180 days of discovery of a building being located over a pipeline, the operator shall remove the building from over the pipeline, relocate the pipeline or discontinue the service to the pipeline located under the building.

F. Operators of a master meter system will not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their systems.

G. Operators of a master meter system will not use solvent cement to join together plastic pipe manufactured from different materials unless the operator utilizes a joining procedure in accordance with the specifications of 49 CFR 192, Subpart F, March 1, 2000 January 16, 2002 (and no future amendments), incorporated by

reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

- H. Operators of a master meter system that construct a pipeline or any portion thereof using plastic pipe will install, at a *minimum*, a 14-gauge coated or corrosion resistant, electrically conductive wire as a means of locating the pipe while it is underground. Tracer wire shall not be wrapped around the plastic pipe, tracer wire may be taped, or attached in some manner to the pipe provided that the adhesive or the attachment is not detrimental to the integrity of the pipe wall.
- I. Operators of a master meter system that construct an underground pipeline using plastic pipe, will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any rock or debris, unless otherwise protected and approved by the Office of Pipeline Safety.
- J. Operators of a master meter system that construct an underground pipeline using plastic pipe will install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe shall be marked CD or CE as required by ASTM D2513-95c (1995c Edition and no future editions), incorporated by reference, on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the ASTM, 1916 Race Street, Philadelphia, Pennsylvania 19103-1187, for areas where the service temperature is above 100°F.

- K. Operators of a master meter gas system shall qualify welding procedures and shall perform welding of steel pipelines in accordance with API Standard 1104. Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, appendix A.
- L. All repair work performed on existing master meter systems will comply with the provisions of this Article.
- M. Operators of a master meter system will not construct any part of a natural gas or other gas system closer than 8 inches to any other underground structure.
- N. Operators of a master meter system will file a Notice of Construction 30 days prior to commencement of the construction of any pipeline. The Notice will contain the following information:
1. The dates of construction,
  2. The size and type of pipe to be used,
  3. The location of construction, and
  4. The Maximum Allowable Operating Pressure (MAOP).
- O. Operators of a master meter system will perform leakage surveys at intervals not exceeding 15 months but at least once each calendar year and will survey and grade all detected leakage by the following guide -- ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 (1983 Revision and no future revisions), except 4.4(c), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007 and the ASME, United Engineering Center, 345 East 47th Street,

New York, New York 10017. ("Should" as referenced in the guide will be interpreted to mean "shall".) Leak detection procedures shall be approved by the Office of Pipeline Safety.

- P. Operators of a master meter system will file an annual report with the Commission on Commission Form 1-90/15M (1990 Edition and no future editions), "Annual Report for Calendar Year 20\_\_\_, Small Operators of Gas Distribution System," incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission, Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007. This report will be filed with the Office of Pipeline Safety not later than April 15 for the preceding calendar year.
- Q. The Commission may waive compliance with any of the aforementioned parts upon a finding that such a waiver is in the interest of public safety.
- R. To ensure compliance with provisions of this rule, the Commission or an authorized representative thereof, may enter the premises of an operator of a master meter system to inspect and investigate the property, books, papers, business methods, and affairs that pertain to the operation of the master meter system.
- S. All other Commission administrative rules are superseded to the extent they are in conflict with the pipeline safety provisions of this Article.

**ECONOMIC IMPACT STATEMENT  
PER A.R.S. SECTION 41-1057**

1. **BRIEF DESCRIPTION:** These amendments will amend already existing rules. (R14-5-202, R14-5-203, R14-5-204 and R14-5-205) under Chapter 5 entitled "Transportation".

The proposed amendments to the existing rules are designed to update the Arizona Corporation Commission Pipeline Safety rules to recognize the amendments to Title 49, Code of Federal Regulations (CFR) Parts 40, 191, 192, 193, 195 and 199 as of January 16, 2002 (Minimum Safety Standards for Construction, Operation and Maintenance of natural gas, other gases and hazardous liquid pipeline facilities).

2. **NEED:** The Commission has been granted agent status allowing it to enforce the Federal Pipeline Safety Standards. To maintain that status the Commission must, pursuant to the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act, adopt and keep current with the Federal Pipeline Safety Standards.

The Commission believes that through the adoption and incorporating by reference of CFR Title 49 updates, the rules will be consistent with the Federal Regulations and will enhance public safety which will be in the best interest of all citizens' in the State of Arizona

3. **AFFECTED CLASSES OF PERSONS:**
- A. Operators of master meter gas distribution systems.
  - B. Intrastate operators of natural gas and other gas pipelines.
  - C. Intrastate operators of hazardous liquid pipelines.
4. **RULE IMPACT ON AFFECTED CLASSES OF PERSONS:**
- A. The rule will simplify filing requirements on master meter system operators if they are already complying with the Federal Pipeline Safety Regulations. The rule will simplify filing requirements for intrastate pipeline operators.
  - B. There will be no impact on operators of natural gas or other gas systems if they are already complying with the Federal Pipeline Safety Standards.
  - C. There will be no impact on operators of hazardous liquid pipelines if they are already complying with the Federal Pipeline Safety Standards.
5. **COST AND BENEFITS TO THE AGENCY:** The Commission will have less paper to file from master meter operators and will be able to better maintain safety for the general public. The amendments to the rules will have no effect on other state agencies.
6. **COST AND BENEFITS TO POLITICAL SUBDIVISIONS:** There will be no impact on political subdivisions if they are already complying with the Federal Pipeline Safety Regulations.

7. **COST AND BENEFITS TO PRIVATE PERSONS:** There will be no additional cost to taxpayers, ratepayers or customers. The impact of the rule changes is to provide the taxpayers, ratepayers and customers with improved safety and to assure that all construction, operation and maintenance is accomplished in accordance with the established minimum safety standards.
  
8. **COST AND BENEFITS TO CONSUMERS OR USERS OF ANY PRODUCT OR SERVICE IN THE IMPLEMENTATION OF THE NEW RULES:** The new rules will have no effect upon consumers or users of the gas service provided by regulated public utilities as they presently are required to be in compliance with all standards, but, this will benefit consumers, users and the general public by maintaining a safe pipeline system.
  
9. **LESS COSTLY OR INTRUSIVE METHODS:** The proposed rules are the least costly method for obtaining compliance with the long standing minimum safety standards. The rules do not impose additional standards. There is no less intrusive method.
  
10. **ALTERNATIVE METHODS CONSIDERED:** There are no alternative methods available to achieve the standardization of pipeline construction, training and enhancement of safety.

**STATEMENT OF EFFECT ON SMALL BUSINESS**

1. **Small Business Subject to the Rules:** The Master Meter operators such as mobile home parks, apartment complexes and other small commercial operations will be excused from filing their Operation and Maintenance Plans with the Arizona Corporation Commission (Commission). These rules do not change the responsibilities of master meter operators already established in 1970 by the adoption by the Commission of the Code of Federal Regulations, Title 49, Parts 191 and 192.
  
2. **Professional Skills and Reporting and Bookkeeping Procedures Required for Compliance:** No professional skills are required, the reporting and bookkeeping requirements are less than previously required.
  
3. **Description of Methods Used to Reduce Impact on Small Businesses:** The changes are designed to reduce the impact on small businesses. There are no new requirements that would impact the small business community.
  
4. **Feasibility and Legality of Methods in three (3) above:**  
Not applicable.